

**BURNS HARBOR, INDIANA
TOWN OF BURNS HARBOR**



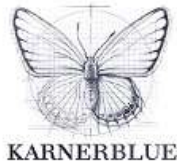
**Financial Incentive Policy & Program:
An Internal Strategy for
Economic Development and a
Pathway for Economic Growth**

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Prepared for the
Town of Burns Harbor Commission

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An Internal Strategy for Economic Development and Pathway for Economic Growth

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BURNS HARBOR, INDIANA TOWN OF BURNS HARBOR

Financial Incentive Policy & Program: An Internal Strategy for Economic Development and Pathway for Economic Growth

Section 1: The Tool Box

Introduction

The State of Indiana authorizes state, county and municipal units a variety of financial incentive tools and resources designed to support and encourage quality development and redevelopment to enhance the economic vitality of a community.

The Redevelopment Commission (the “**Commission**”) of the Town Burns Harbor, Indiana (the “**Town**”) has developed and prepared this Financial Incentive Policy & Program as an internal strategy to encourage and coordinate focused economic development as a pathway for economic growth and assessed valuation diversification through business expansion, attraction and retention (“**BEAR**”).

Proximity to Chicago, a multimodal transportation infrastructure and Lake Michigan access offer Burns Harbor a distinct location advantage, enjoyed by both businesses and residents. Since its founding in 1967, Burns Harbor has been uniquely defined by industry and nature. The lakefront consists of major steel and energy-producing industries and an international shipping port abutting the Indiana Dunes National Lakeshore, one of the top national parks for ecological diversity. A variety of neighborhoods, including an award-winning green-certified subdivision, nestle between the scenic byways, highways and interstates. Additionally, residents enjoy one of the state’s top school systems and the nearby commuter rail service into Chicago/South Bend.

Development opportunities abound. Within Burns Harbor, investors will find a range of industrial and commercial properties available – many shovel ready – to meet their start-up, relocation and expansion needs. Existing retail space is more limited; however, retail investment is strongly desired by residents and employers. The Commission seeks to leverage the Town’s assets through a combination of public and private investment.

Intent and Purpose

It is the intent of the Commission to utilize available financial incentive tools and resources for community and economic development in manner and application which: (i) stimulate community and economic development; (ii) are sensitive to the financial impacts on overlapping taxing units; (iii) leverage private investment; and (iv) retain and create employment opportunities.

The purpose of this Financial Incentive Policy & Program is to provide the Commission with a definitive plan and policy for financial incentive utilization and the use of financial incentives related to sustained community and economic development in the Town, consistent with its intent as well as the stated goals and objectives identified.

Statement of Goals and Objectives

Proper planning requires a set of goals and objectives, the identification of economic development opportunities for strategic community and economic development as well as land use planning which all include interaction between the public, Commission, Town agencies, commissions and boards, and key stakeholders.

Goals are long-term accomplishments the Town desires to attain, the marathon the Town has entered and anticipates completing.

Foremost, it is the goal of this Financial Incentive Policy & Program to facilitate and encourage economic development to retain, expand and/or promote business and private investment as leveraged by not only financial incentivization, but also through coordinated public capital investment.

Secondly, it is the goal of this Financial Incentive Policy & Program to develop and foster a Town image as an economically diversified and ecologically sensitive community that creates an exceptionally high-level quality of place for the Town as a community to live, work, learn and play.

The primary objectives of this Financial Incentive Policy & Program are to address: (i) the Town's lack of a central downtown business district (CDBD) of concentrated retail and professional services or a central social district (CSD) intended to draw people to downtown to interact among commercial services and public infrastructure designed to create dynamic sense of central place for individuals, (ii) a diversification from the traditional steel related industry to include light industrial warehousing, logistics, research and development and information technology industries; and (iii) the underutilization of land and the barriers to its economic development.

Other objectives of this Financial Incentive Policy & Program include:

- Establishing an economic development environment within the Town which will contribute to the health, safety and general welfare of the Town and enhance the value of properties in the Town.
- Providing for community and economic development financial incentive initiatives to stimulate redevelopment and economic development through private and public investment in the Town.
- Supporting a competitive, accessible, safe and attractive industrial environment that builds upon existing locational assets.
- Promoting the retention of existing, active businesses where appropriate.
- Creating a competitive, accessible, safe and attractive retail and commercial service downtown environment that builds upon existing locational assets that is consistent with market factors and influences.
- Developing a municipal complex or campus as a community gathering and meeting place to encourage public interaction, inclusion and participation.
- Development of recreational linkages to take advantage of the Town's natural and topographic assets, including its location and proximity to Lake Michigan, the Indiana Dunes National Lakeshore, the Marquette Trail (Bike Path), and the Little Calumet River East Branch.
- Expanding the thriving business environment that provides employment opportunities and enhances the City's tax base.

Economic Development Defined

Economic development refers to a sustainable increase in living standards and implies:

- Increased per capita income,
- Better education and health, as well as
- Environmental protection.

In addition, economic development is the process of:

Improving the quality of human life through increasing per capita income, reducing poverty and enhancing individual economic opportunities.

It can also be broadly defined to include better education, improved health and nutrition, conservation of natural resources, a cleaner environment and a richer cultural life that may include public capital investment to stimulate private investment.

Assessed Valuation Deduction (Tax Abatement)

Indiana property assessed valuation deduction statutes (commonly known as “tax abatement”) were first enacted in 1979 to encourage job growth and other expansions of local economies throughout the state under Indiana Code (I.C.) 6-1.1-12.1, *et seq.* (the “Act”).

Generally, a deduction of assessed valuation is correlated to a tax savings of tangible property taxes, thus the term “tax abatement.” An assessed valuation deduction is available to qualified taxpayers in an Economic Revitalization Area (an “**ERA**”) or in an Economic Development Target Area (an “**EDTA**”). An owner of tangible property: (i) who constructs, redevelops or rehabilitates real property or (ii) who installs eligible depreciable personal property within an ERA or and EDTA is qualified; however, Town Common Council approval as the “Designating Body” is necessary to designate an ERA or an EDTA and to approve a FORM SB-1 in order to receive an assessed valuation deduction.

Certain types of businesses may qualify for tax incentives associated with deductions of assessed valuation (“**Tax Abatement**”) if located in an ERA. Within the Town, tangible property owners located in an ERA may be eligible to deduct a portion of their real or personal property investment that is new to the area or is the result of rehabilitation of real property. A Tax Abatement is allowed on qualified real and personal property and is calculated only on the increases of assessed value.

Economic Revitalization Areas (ERAs), Economic Development Target Areas (EDTAs) and Residentially Distressed Areas (RDAs)

An ERA, EDTA or RDA may be generally defined as a distinct and unique geographic area of a political subdivision (county, city or town) in which certain factors, such as lack of development or cessation of growth, are no longer conducive to the area’s normal development.

- An ERA designation may be determined, considered and approved pursuant to Sections 2 and 2.5 of the Act for real and personal property assessed valuation deductions related to industrial and manufacturing land use improvements and machinery and equipment purchases.
- An EDTA designation may be determined, considered and approved pursuant to Section 7 of the Act. An EDTA is limited in area to fifteen percent (15%) of the total geographic area of a political subdivision (county, city or town) for real property deductions related to commercial land use development improvements.
- An RDA designation may be determined, considered and approved pursuant to Sections 2(b), 2(d), 2.5, and 4.1 of the Act for real property assessed valuation deductions related to residential primary structure improvement (single-family, two-family and multi-family) land use development.

In order for a property owner of qualified tangible property to be eligible for Tax Abatement, the real or personal property must be located within a designated ERA, EDTA or RDA.

Common Assessed Valuation Deductions Types

Real Property – Manufacturing and Industrial Development Deduction

An assessed valuation deduction may be granted for qualified real property and depreciable personal property or may be granted for both within designated ERAs and pursuant to FORM SB-1 approval by the Town Council. With regard to real property (manufacturing and industrial related development), an assessed valuation deduction is granted only on a structure or building – not on other improvements such as paving or other ancillary improvements. Land by statute does not qualify for an assessed valuation deduction. For example, this would include construction of new buildings as well as renovations to, rehabilitation to or enlargements of existing structures.

Real Property - Commercial Development Deduction

An assessed valuation deduction may be granted for eligible real property (commercial development investments) within designated EDTAs and pursuant to FORM SB-1 approval by the Town Council. With regard to private investment in commercial real property, an assessed valuation deduction is granted only on a structure or building – not on other improvements such as paving or other ancillary improvements. Land by statute does not qualify for an assessed valuation deduction. Similarly, this would include construction of new buildings as well as renovations to, rehabilitation to or enlargements of existing structures.

Vacant Building Deduction

In 2006 the Indiana General Assembly adopted and passed public law [P.L. 154-2006, SEC.28. Amended by P.L.219-2007, SEC.32; P.L. 112-2012, SEC.28; P.L.288-2013, SEC.12] to amend the Act to include a new section, Section 4.8 titled Property Owner Statement of Benefits; Findings by Designating Body; Deduction Periods, Amounts, and Limitations as it relates to a “deduction from the assessed valuation of a building only if the property owner or a tenant of the property owner occupies the eligible vacant building and uses it for commercial or industrial purposes” (a “**Vacant Building Assessed Valuation Deduction**”).

"Eligible vacant building" means a building that:

- i. Is zoned for commercial or industrial purposes; and
- ii. Has been unoccupied for at least one (1) year before the owner of the building or a tenant of the owner occupies the building, as evidenced by a valid certificate of occupancy, paid utility receipts, executed lease agreements, or any other evidence of occupation that the department of local government finance requires.

Personal Property – Machinery & Equipment (PPME) Deduction

(Industrial & Manufacturing, Research & Development, Logistical Distribution, and Information Technology)

An assessed valuation deduction may be granted for eligible personal property (industrial, research and development, logistic, and information technology equipment investments) within designated ERAs and pursuant to FORM SB-1 approval by the Town Council.

Industrial & Manufacturing

New manufacturing equipment used in the direct production, manufacture, fabrication, assembly, extrication, mining, processing, refining, or finishing of other tangible personal property, including but not limited to use to dispose of solid waste or hazardous waste by converting the solid waste into energy or other useful products, as referenced in the Act under Section 1(3).

Research & Development

New research and development equipment used in research and development activities devoted directly and exclusively to experimental or laboratory research and development for new products, new uses of existing products, or improving or testing existing products, as referenced in the Act under Section 1(12).

Logistical Distribution

New logistical distribution equipment consisting of racking equipment, scanning or coding equipment, separators, conveyors, forklifts or lifting equipment (including “walk behinds”), transitional moving equipment, packaging equipment, sorting and picking equipment, or software for technology used in the logical distribution used in the storage or distribution of goods, services or information, as referenced in the Act under Section 1(13).

Information Technology

New information technology equipment consisting of equipment, including software, used in the fields of information processing, office automation, telecommunication facilities and networks, informatics, networks administration, software development, and fiber optics, as referenced in the Act under Section 1(14).

Personal Property - Utility Distributable Deduction

An assessed valuation deduction may be granted pursuant to Section 4.5 of the Act for "Distributable property" defined under ARTICLE 5.1 titled Public Utility Assessment of the Indiana Administrative Code (the "AIC") and has the meaning of "property owned or used by a public utility company that is not locally assessed real property or locally assessed personal property." Distributable property is that property used to furnish the public utility service. The right-of-way of a public utility company is distributable property. It may consist of the public utility company's transportation system, production plant, transmission system, and/or distribution system. The Indiana Department of Local Government Finance (the "DLGF") reviews assessment filings of each utility distributable company and then determines and distributes to the county auditor and the appropriate taxing districts the assessed value of the public utility company's distributable property for taxation.

An assessed valuation deduction may be granted for eligible utility distributable personal property within designated ERAs and pursuant to FORM SB-1 approval by the Town Council.

Residentially Distressed Area Deduction

An assessed valuation deduction may be granted for qualified real property classified as residential by the local assessor if location within a designated RDA and pursuant to FORM SB-1 approval by the Town Council. With regard to real property (single-family, two-family and multi-family residential development), an assessed valuation deduction is granted only on the primary structure or dwelling unit– not on other improvements, such as paving or other ancillary improvements and structures. Land by statute does not qualify for an assessed valuation deduction.

The Town **does not intend** to financially incentivize Residentially Distressed Areas (RDAs) deductions, but may consider RDAs on a case by case basis as Town development occurs or as proposals are submitted to the Town Council.

Tax Increment Financing ("TIF")

Overview of TIF

IC 36-7-14 (Indiana REDEVELOPMENT LAW) authorizes the designation and establishment of an allocation areas within Redevelopment Project Areas (Redevelopment Areas or Economic Development Areas) in whole or a portion of said area for the purpose of utilizing tax increment financing as a method to finance and fund qualified expenditures¹.

The establishment of an allocation area or separate unique allocation areas within a designated Redevelopment Project Area that provides for the temporary allocation of tax increment or increases in real property tax proceeds for redevelopment or economic development is a key financial incentive available to the Town's economic development efforts and as a part of its financial incentive tool box.

TIF permits communities to use increased property tax revenue stimulated by redevelopment and economic development activities to pay for the costs incurred to initiate the activities. When an allocation area is established, real property assessments are "frozen" within the allocation area as the Base Assessment for the previous assessment date preceding the approval and adoption of a declaratory resolution or an amending resolution by the Commission. Counties, cities and towns may issue revenue bonds to finance a portion of the redevelopment or economic development activities from anticipated tax increment generated by the new development and increases in assessed value above the base assessment for the allocation area. As private investment increases in an allocation area, the tax increment will be set aside to retire the debt service on the TIF revenue bonds issued to implement an economic development or redevelopment plan. Once the full debt is retired, the allocation area may be dissolved and all taxing units enjoy the full benefits of increases in assessed valuation and lower property taxes.

¹ Reference Indiana Code 36-7-14-39(b)(3) and Indiana Administrative Code 50 IAC 8-2-13 titled Tax Increment; Use.

TIF permits cities, towns or counties to utilize tax increment (revenue) stimulated by redevelopment or economic development in an allocation area to pay for specific capital improvement projects “that are physically located in or physically connected to an allocation area” (I.C. 36-7-14-39(b)(2)(D)) and land acquisition needed to induce redevelopment or economic development activities. Tax increment may also be pledged to private activity bonds also to induce redevelopment or economic development activities.

Grants from Gross Tax Increment Distributions

Further, IC 36-7-25-7 allows the Commission to fund an education program using fifteen percent (15%) of the allocated tax proceeds it receives on an annual basis. Therefore, any financial incentive package which uses tax increment as a source of debt service payment or pledges of tax increment to an obligation may not exceed eighty-five percent of the tax increment generated from a project in an allocation area.

Tax Increment Financing as a Financing and Economic Development Resource

Allocation Area Tax Increment: Pay-As-You-Go

Redevelopment commissions may also use the annual distributions of Tax Increment on a “Pay-As-You-Go” basis to fund capital projects “that are physically located in or physically connected to an allocation area” (I.C. 36-7-14-39(b)(2)(D)). As it may take several if not many years to accumulate tax increment to implement a Redevelopment Project Plan, the Pay-As-You-Go method is not recommended for financial incentivization projects of a large nature.

Public Financing (Special Redevelopment District Bonds)

The alternative is a redevelopment commission may borrow against future or projected taxes imposed on each tangible property owner in a Redevelopment District to pay for large public capital improvement projects, known as the “Redevelopment District Special Bonds of [year].” As a result of HEA 1001(2008), bonds authorized in any principal amount by a resolution of a redevelopment commission adopted after June 30, 2008 may not be issued without approval of the legislative body (County Council, City Council or Commission) of the unit.

Public Financing (Tax Increment Bonds)

The alternative is often a redevelopment commission will borrow against future or projected Tax Increment to pay for large capital projects, known as the “Redevelopment District Tax Increment Revenue Bonds of [year].” As a result of HEA 1001(2008), bonds authorized in any principal amount by a resolution of a redevelopment commission adopted after June 30, 2008 may not be issued without approval of the legislative body (County Council, City Council or Commission) of the unit.

Private Financing (Economic Development Revenue Bonds)

Another alternative is often a redevelopment commission will pledge its tax increment to the repayment of an economic development revenue project based upon future or projected Tax Increment to pay for large private investment projects, known as the “Economic Development Revenue Bonds of 20 ____.” As a result of HEA 1001(2008), bonds authorized in any principal amount by a resolution of a redevelopment commission adopted after June 30, 2008 may not be issued without approval of the legislative body (County Council, City Council or Commission) of the unit.

Section 2: Financial Incentivization Strategy Statements

Strategy Statements

Financial incentivization for real and personal property private investment and economic development projects shall support the development, expansion and retention of business in Town. Key locations for financial incentivization include, but are not limited to, U.S. 20, State Road 149, U.S. 12 and adjacent to existing industrial and commercial uses.

Industrial businesses may qualify for an assessed valuation deduction (Tax Abatement) of up to ten years based upon the location of the investment, amount of tangible property private investment and the level of employment, including the worker classification wages. A determination of Tax Abatement percentages to be applied is directly dependent upon these criteria.

Commercial businesses also may qualify for assessed valuation deductions of up to ten years tax abatement based the location of the investment, amount of tangible property private investment, the level of employment, including the worker classification wages and improvement to quality of life in Town in order to develop a commercial downtown business district (CDBD) or a commercial social district (CSD). A determination of Tax Abatement percentages to be applied is directly dependent upon these similar criteria.

TIF may apply to either industrial or commercial property on a case by case basis, however utilizing both financial incentivization platforms to incentivize one project or approving Tax Abatement in a designated allocation area for which TIF is utilized must considered the tax increment implications and impacts of captured assessed valuation (that generates tax increment) on not only a project, but also the Town and its overlapping taxing units.

Residentially Distressed Areas (RDAs) may not qualify for assessed valuation deductions or TIF, but the Commission and the Town Council may consider requests on a case by case basis as it applies to the overall economic development and growth of the Town.

Development of a Business Expansion & Retention Program (BEAR)

A community's economic health is dependent on the number and quality of jobs provided by employers in the community. Good jobs keep residents living in or near the employment center. Jobs allow residents to purchase property, pay property taxes. The disposable income from jobs allows residents to shop more and pay sales taxes. It is not surprising that municipal leaders and economic development professionals have been intrigued by the concept of recruiting jobs to a community by attracting a large employer. However, the competition for such corporate partners is fierce. Major corporations are not building new facilities in the United States at the same rate in the past. Economic development studies and analyses from across the country have demonstrated that the overwhelming majority of all new jobs in small towns come from existing business expansion.

For this reason, it is imperative and critical for the municipal leaders and economic development professional working with the Town embracing a strong Business Expansion & Retention (BEAR) Program and implementation strategy. A successful BEAR Program will provide Town leaders and economic development professionals with advanced warning about problems that may lead to business disinvestment or facility closures and provides critical levels of communication for economic development in times of both expansion and contraction. A BEAR Program provides a mechanism and approach for local Town leaders to be prepared for and to forecast advanced warning signs that will enable proactive intervention and creative solutions to retain employers in the community. A BEAR Program also encourages Town leaders to identify new opportunities for businesses in the community and support them in expanding and creating new employment opportunities.

A successful BEAR Program serves the following key purposes²:

- To demonstrate to existing companies that the municipal leaders and the community appreciates their contribution to the local economy.
- To encourage expansion that leads to sustainable job and employment growth.
- To help businesses solve their problems and challenges in cooperation with and in partnership with municipal leaders.
- To assist local businesses in gaining awareness of available resources and available financial incentive programs critical to business, employment and private investment decisions.
- To develop collaborative relationships for participating in comprehensive long-range retention and expansion activities.

² Department of Applied Economics University of Minnesota, Business Retention and Expansion Strategies Program, October 2002, p. 1.

- To improve economic development opportunities and build the community capacity and cooperation to sustain growth and development activities.
- To provide better information and understanding for all local leaders of the strengths and weaknesses of the business climate in order to develop strategies to be proactive and to respond to business cycles and fluctuations – positive or negative.

There is no better marketing strategy than the demonstration of a successful and thriving business climate to those outside of your community.

Three primary sources of job growth exist in every community:

- Incoming new business (11%),
- **Existing business expansions (80%), and**
- Start-up operations (9%).

The surest path to economic stability is pursuing all three³.

Up to 80% of all new jobs in small towns come from existing business expansion.

Existing Businesses (the “80 Percent”)

A BEAR Program seeks to re-focus the work of economic development organizations, chambers of commerce and community leaders to better understand the needs and plans of existing businesses in their communities in order to grow new jobs locally by placing a higher value on and greater appreciation for these businesses.

Business retention for existing businesses involves:

- Identifying and creating a contact list for each major employer, if not all employers, in your community;
- Building solid relationships with business owners or plant managers of the employers in the community,
- Regularly collecting pre-determined data on both the company and industry,
- Analyzing and tracking the collected data in order to predict its behavior,
- Assisting the company in solving problems that may cause them to move or close,
- Looking for opportunities – as a portfolio manager would – to grow the businesses in their communities.

Multiplier Effect of Existing Businesses

National statistics show that in one year a small business employing 15 individuals on average generates \$430,000 (\$28,667 per individual) in payroll for the local community, it generates \$45,000 in property taxes and makes charitable donations of \$15,000 to local causes.⁴

**Each business that provides employment opportunities also has a staggering multiplier effect⁵:
For example:**

- **A business with 100 manufacturing jobs (example taken from the auto industry) will produce a total of 236 jobs including:**
 - 34.42 other manufacturing jobs,
 - 34.42 wholesale and/or retail jobs, and
 - 45.89 service jobs.
- **A business with 100 business service jobs will produce a total of 145 jobs including:**
 - 7.32 manufacturing jobs,
 - 11.22 wholesale and/or retail jobs, and
 - 17 other service jobs.

³ Blane, Canada, Ltd. “Beyond the Basics – Advanced Business Retention.”

⁴ Canada, Eric. *Beyond the Basics: Advanced Business Retention*. Wheaton: Blane, Canada Ltd, 2003.

⁵ Source: *What 100 New Jobs Mean to a Community*, US Chamber of Commerce, 1993.

- **A business with 100 health service jobs will produce a total of 156 jobs including:**
 - 8.94 manufacturing jobs,
 - 13.97 wholesale and/or retail jobs, and
 - 21.79 other service jobs

Identification of Expansion Opportunities

Communication with local employment operations and facilities is critical to determining any current or future expansion opportunities as well as understanding and communicating potential financial incentivization opportunities, processes and probability of success.

Improvements and Private Investment Determinants

- Site and Grounds
- Facility and Structure
- Personal Property

Prospective (New) Businesses Determinants and Target Markets

- Industrial
- Light manufacturing
- Logistical distribution
- Information technology
- Downtown retail and commercial service (Regional Market Destination Commerce)

Locational Focus Determinants

- Industrial within the Lakeshore Industrial ERA (north of U.S. 12)
- Light manufacturing/warehousing (south of U.S. Route 20 along State Route 149)
- Light manufacturing/ warehousing (Babcock Road north of Interstate 94 to Beam Street - the “Maker’s Workshop”)
- Logistics and Research & Development (south of U.S. Route 20 along State Route 149)
- Logistics and Research & Development (Babcock Road north of Interstate 94 to Beam Street)
- Downtown retail (along State Route 149 from U.S. Route 20 to Haglund Road - the “Lifestyle District”)
- Downtown commercial service (along State Route 149 from U.S. Route 20 to Haglund Road - the “Lifestyle District”)

Targeted Private Investment Plan (Targeted Economic Development)

Financial incentivization for targeted private investment encourages industrial and commercial development within the Town. Priority locations include, but are not limited to, sites along U.S. 20, U.S. 12, State Road 149 and adjacent to existing industrial and commercial uses.

Industrial & Manufacturing Development

Heavy Industrial Development:

- Within the Lakeshore Industrial ERA (north of U.S. 12). **Area:** 1,800 acres (2.81 square miles)

Light Industrial/Warehousing Development:

- South of U.S. Route 20 along State Route 149. **Area:** 386 acres
- Babcock Road north of Interstate 94 to Beam Street. **Area:** 125 acres

Logistics:

- South of U.S. Route 20 along State Route 149. **Area:** 386 acres
- Babcock Road north of Interstate 94 to Beam Street. 125 acres

Research & Development:

- South of U.S. Route 20 along State Route 149. **Area:** 386 acres
- Babcock Road north of Interstate 94 to Beam Street. 125 acres

CDBD/CSD Retail, Office & Commercial Service Development

Food & Beverage:

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Franchise (Chain):

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Local:

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Product:

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Commercial Service:

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Office (Including medical):

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Personal Service:

- State Route 149 from U.S. Route 20 to Haglund Road. **Area:** 95 acres

Section 3: Financial Incentivization Plan Conformity

Plan Conformity to other Plans of the Town

A series of Town Plans are available online at <http://burnsharbor-in.gov/186/Town-Plans>.

Section 4: Financial Incentivization Policy

Policy Considerations for Favoring a Local Financial Incentive

- Stimulation of economic growth and job creation.
- Without financial incentivization for project gap financing, project(s) would not happen.
- The net certified assessed valuation of the Town and overlapping taxing units will increase as a result of a project as Tax Abatement assessed valuation deductions decrease over the abatement period or an allocation area designated for Tax Increment Financing purposes sunsets or is terminated by the Commission.
- Decreased incentives from the state and federal government.
- Desirability of a pro-business reputation.
- A targeted market industry to locate in an identified economic development area (ERA and/or EDTA).
- Incidental tax benefits: income taxes, spill-over benefits to the community resulting in other economic development opportunities.

Policy Considerations for Disfavoring a Local Financial Incentive

- Uncertainty of cost-effectiveness for economic development financial incentivization.
- Inadequate financial incentivization leverage of a project for economic development.
- Unreasonable tax implications and/or effects on overlapping taxing units.

ERA, EDTA and RDA Assessed Valuation Deductions (Tax Abatement)

Industrial and manufacturing, vacant, real and/or personal property ERA assessed valuation deduction financial incentivization may vary based on planned employment levels ranging from:

- 100+ or greater employees and/or \$75,000,000 or greater of private investment (High);
- 50 to 100 employees and/or \$10,000,000 to 74,999,999 of private investment (Medium), and
- 10 to 50 employees and/or \$500,000 to 9,999,999 of private investment (Low),

CDBD/CSD Retail, Office & Commercial Service Development real property assessed valuation deductions may vary based on planned private investment ranging from:

- \$1,000,000 or greater (High);
- \$250,001 to \$999,999 (Medium), and
- \$250,000 or less (Low).

Residentially Distressed Area (RDA) real property assessed valuation deductions for single-family, two-family or multi-family land use developments are not a preferred financial incentivization but may be considered by the Town Council as the designating body on a case by case basis.

Tax Increment Financing (TIF)

Tax Increment Financing may apply to either industrial or commercial property on a case by case basis.

Industrial and Manufacturing Development

Property owners of industrial and manufacturing development may only request a combination of TIF and Tax Abatement if private investment exceeds \$150,000,000. Otherwise, the two financial incentive tools may only be offered and considered independently as a financial incentive package and/or development agreement.

CDBD/CSD Retail, Office & Commercial Service Development

Property owners of commercial development may only apply for either: (i) Economic Revitalization Area Deductions (Tax Abatements) or (ii) Tax Increment Financing. Said financial incentives may not be used in combination.

State Grants (Workforce Development & Training)

The State of Indiana provides the Economic Development for a Growing Economy (EDGE) tax credit to catalyze private investment that results in job creation, economic growth and improved standard of living for Indiana residents. The Town Council and the Commission will engage with the State of Indiana and businesses on eligible projects that may require local financial incentivization and support for targeted industrial, manufacturing and commercial development projects.

Local Grants

Other funding sources may provide additional financial leverage to private and public investment. The Town Council in coordination with the Commission will support businesses applying to and providing local match to grants as a financial incentive tool for advancing economic development-related projects or programs that meet or exceed employment or investment parameters identified herein for targeted market industries within locational focus area for development.

Section 5: Program Outcomes

Benchmarks for Success and Accountability

Benchmarks provide the basis for understanding how effective the Financial Incentive Policy and Program is in generating public value, the leveraging of public incentivization, employment and improved quality of life through direct business investment in Town.

To assure the transparency, accountability and impact of public funds, the Commission requires that businesses submit and maintain accurate historical information and present a financial incentives performance report annually which shall include, but is not limited to:

Employment

- New or Created Employment Positions
- Retained Employment Positions

Private Investment

- Real Property
- Personal Property

Leverage of Public Investment

- Greater than \$4:\$1 ratio, defined as \$4 of private investment for every \$1 of public investment

Annual (Historical) Growth of Assessed Valuation Calculations

- Industrial Property (300 Series)
- Commercial Property (400 Series)
- Residential Property (500 Series)

Section 6: Monitoring & Reporting for Success

Schedule of Reporting on the Financial Incentive Program

Redevelopment Commission

Data collection and preparation of financial incentivization documentation: January 1 to January 31.

Presentation to the Redevelopment Commission: **O**

On or before March 15 of each calendar year.

Public Presentation and Transparency

Public presentation on accountability and input:

On or before April 15 of each calendar year.

Town Council

Presentation and submission of Financial Incentive Program for subsequent year budgeting, assessed valuation analysis and review of ERA assessed valuation deduction FORM CF-1s for consideration and approval:

On or before May 15 of each calendar year.

Public Availability of the Financial Incentive Program Report for the Prior Year

June 1 of each calendar year.

Section 7: Financial Incentive Program Update

Annual Review

It shall be the policy of the Commission to review this Financial Incentive Policy & Program: An Internal Strategy for Economic Development and a Pathway for Economic Growth on an annual basis between the months of October and November to determine if amendments, revisions, additions or deletions are necessary in order to maintain its focus as a strategy document for economic development consistent with Town planning goals and objectives for land use development.

Section 8: The Next Steps...

In order to advance this Financial Incentive Policy & Program: An Internal Strategy for Economic Development and a Pathway for Economic Growth, it is recommended that the Commission take the following actions in coordination with the Town Council to further economic development opportunities:

PRIORITY 1: Prepare and formalize a financial incentive application process for property owners, industry and businesses and developers to complete and submit in order to analyze, evaluate and make determinations of said requests.

Benchmark to complete: March 1, 2018

PRIORITY 2: Complete a BEAR analysis of industrial, manufacturing and commercial businesses in the Town for the purpose of determining baseline economic development data and as an outreach program to said businesses.

Benchmark to complete: June 30, 2018

PRIORITY 3: Develop and initiate the Local Economic Alliance Forum ("LEAF") as an economic development partnership with local businesses. The purpose of LEAF is inclusionary and proactive: (i) to engage local businesses and the Town in the process and discussions of economic development strategy and opportunities and (ii) to gather input from the local businesses to develop a proactive approach to economic development strategy, all in the interest of economic growth and quality of life initiatives to be implemented.

Benchmark to initiate: June 30, 2018

PRIORITY 4: Upload and make publicly available financial incentive programming information and data, the results of the BEAR analysis, the financial incentive application process and this Financial Incentive Policy & Program: An Internal Strategy for Economic Development and a Pathway for Economic Growth.

Benchmark to complete: July 31, 2018

Section 8: Conclusion

The Commission has prepared this Financial Incentive Policy & Program: An Internal Strategy for Economic Development and a Pathway for Economic Growth in order to provide:

- (i) The Town, its elected officials and the Commission including Town boards with a focused direction and strategy on financial incentivization of economic development related to industrial, manufacturing and commercial private investment and development, and
- (ii) Property owners, developers and investors of economic development projects related to industrial, manufacturing and commercial private investment with an understanding of the Town's financial incentivization strategy and policy for targeted market industries and locational focus

in order to guide financial incentivization negotiations for town and community economic development based upon official planning documents of the Town.

APPENDIX A:

Lakeshore Industrial Economic Development Area

Resolution No. 2014-15 (EXHIBIT A)

Economic Revitalization Area: Boundary Description and Map - Lakeshore Industrial Economic Revitalization Area

[Pursuant to I.C. 6-1.1-12, 1-2.5(a)]

A general description of the boundaries of the **Lakeshore Industrial Economic Revitalization Area** (the "ERA") predominantly includes industrially zoned land for integrated steel and ancillary support land uses located within the following boundaries:

- North:** Lake Michigan shoreline;
- South:** U.S. Route 12 southern right-of-way;
- East:** Corporate boundary of the Town of Burns Harbor; and
- West:** Corporate boundary of the Town of Burns Harbor

except for the area described in **EXHIBIT B**, all consisting of an area of approximately 1,800 acres, more or less (or 2.81 square miles).

MAP 1: LAKESHORE INDUSTRIAL ERA



EXCEPTED AREA

(Reference **EXHIBIT B** of Resolution No. 2014-15)

The Town Council previously designated an ERA pursuant to declaratory Resolution No. 2013 - 06 (approved and adopted May 8, 2013) and confirmatory Resolution No. 2013 - 07 (approved and adopted on June 12, 2013) for an area described below, such that said ERA is by resolution set to expire on March 2, 2018, all which area is described and detailed below:

"Land in the Town of Burns Harbor, Porter County, Indiana, which is found inside the area known as Arcelor Mittal Steel Mill which is generally described as bounded on the South by State Highway 12, on the West by the Western Boundary of the Town of Burns Harbor, on the North by Lake Michigan, and on the East the Eastern Boundary of the Town of Burns Harbor, and more particularly described as land located in the Hot Scarfing Building, the slitting operation in Slab Yard 3 and the cutting operation as found in the Plate Mill in Slab Yard 2."

LEGEND



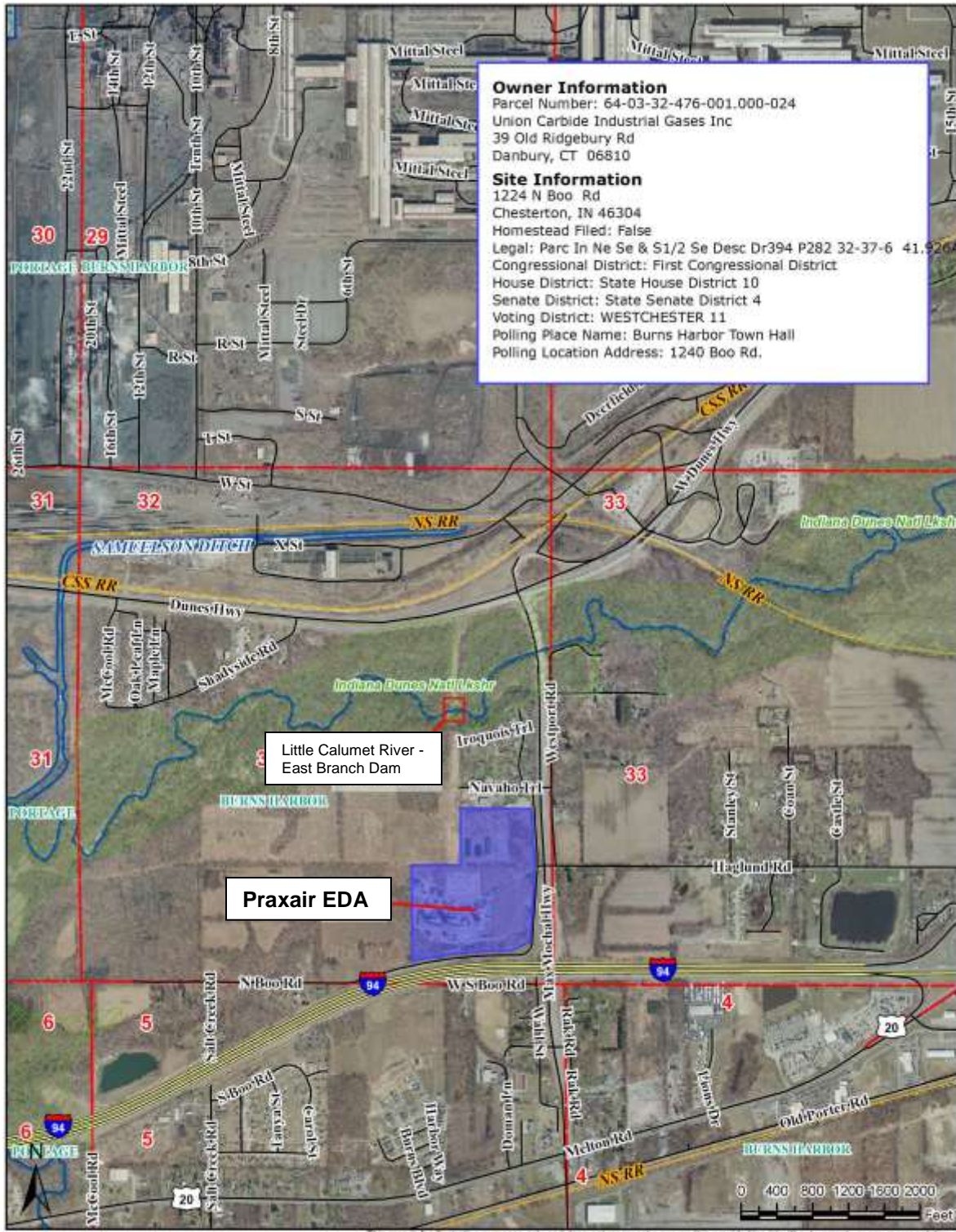
Lakeshore Industrial
Economic Revitalization Area

Map not to scale.



APPENDIX B:

Praxair Economic Revitalization Area

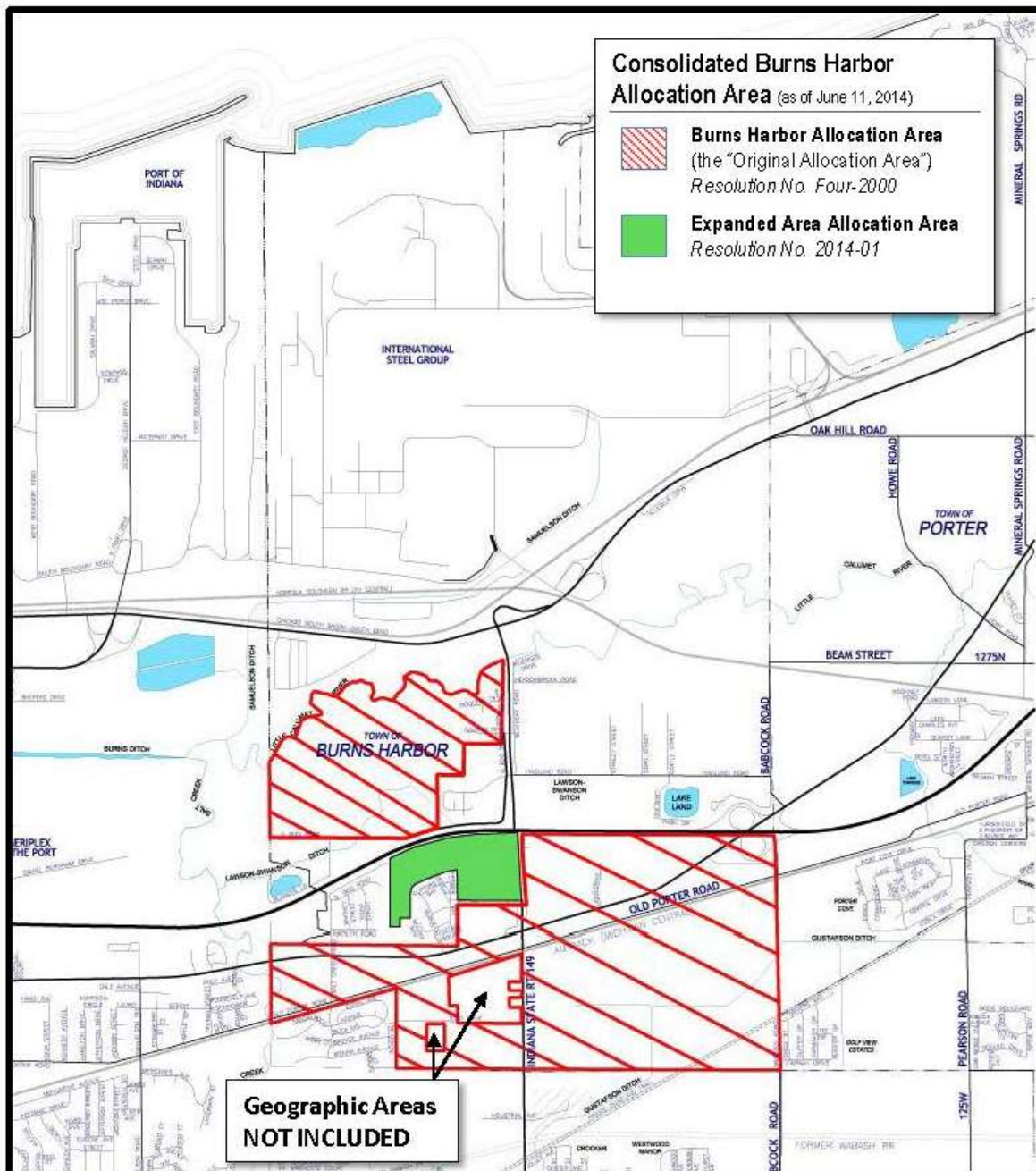


APPENDIX C:

Burns Harbor Economic Development Area and Allocation Area

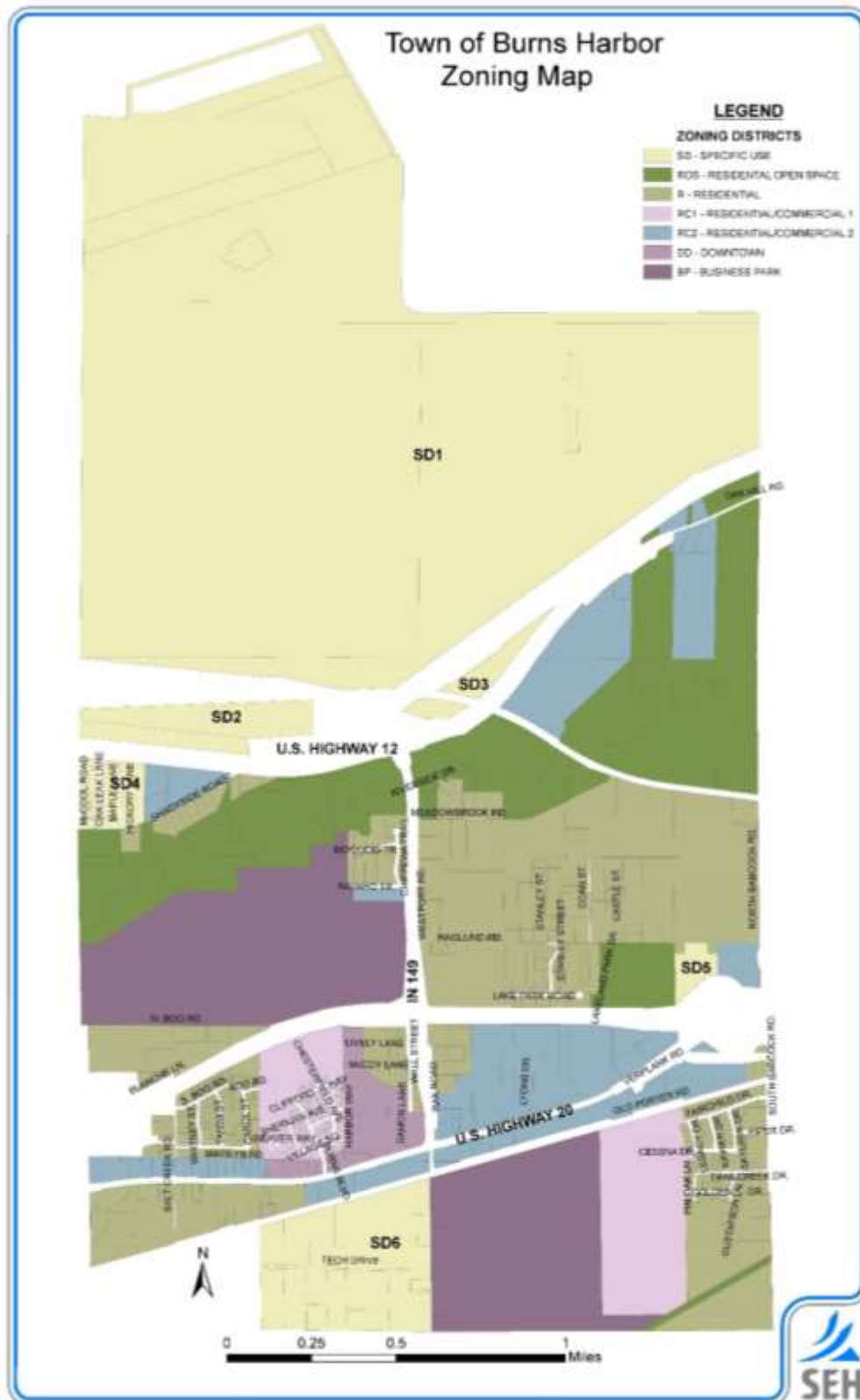
BURN HARBOR, INDIANA BURNS HARBOR REDEVELOPMENT COMMISSION

Description and Map of the Consolidated Burns Harbor Allocation Area (As expanded pursuant to Resolution No. 2014-01)



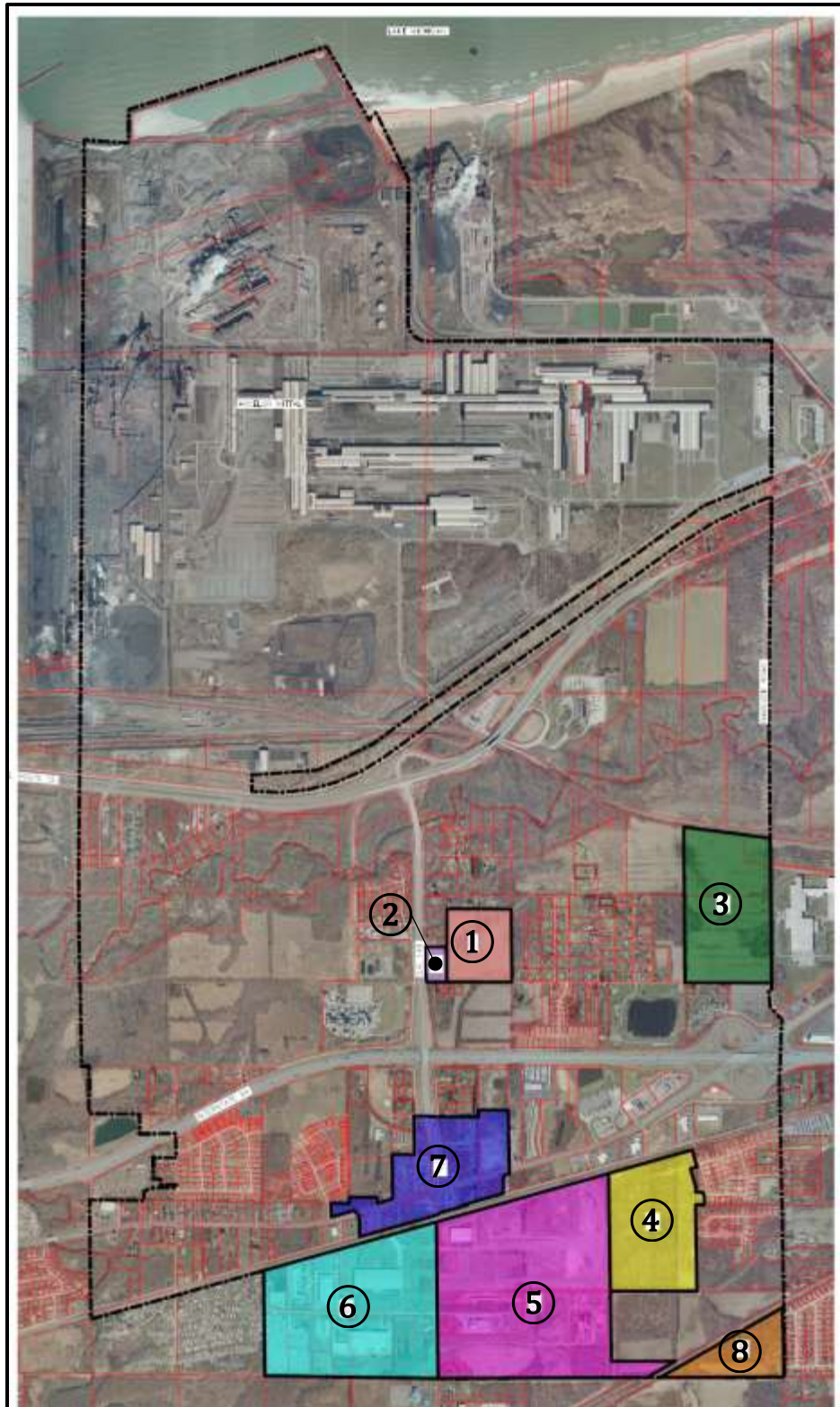
APPENDIX D:

Official Zoning Map of Burns Harbor, Indiana



APPENDIX E:

Incentivized Property Development Map



INCENTIVE TARGET LOCATIONS

1. Mixed-Use Development
2. Government/Civic Center
3. Industrial / Manufacturing
4. Residential
5. Industrial / Manufacturing
6. Industrial / Manufacturing (Light Industrial)
7. CDBD / CSD (Central Downtown Business District/Central Social District)
8. Residential



Not to Scale